

FIXED PRICE ADJUSTED FOR LABOR AND MATERIAL

## RESTRICTED

"Replacement of Naval Vessels"

All public vouchers for payment under this contract should include a reference to NOd-1497.

(27)

AUTHORIZING ACTS—APPROVED JUNE 28, 1940, AND JULY 19, 1940

APPROPRIATION ACT—APPROVED SEPTEMBER 9, 1940

### CONTRACT

FOR THE  
THREE

## CONSTRUCTION OF ~~THREE~~ LIGHT CRUISERS,

Nos. ~~CL 84~~ CL 85, CL 86, CL 87, AND ~~CL 88~~

(See letter of 1-18-41)

This contract, entered into this ninth day of September 1940, by the United States of America, hereinafter called the Department, represented by the contracting officer executing this contract, and the Federal Shipbuilding and Dry Dock Company, a corporation organized and existing under the laws of the State of New Jersey and doing business at Kearny, in the State of New Jersey, hereinafter called the contractor, witnesseth that the parties hereto do mutually agree as follows:

ARTICLE 1. (a) The contractor, subject to the provisions hereinafter set forth, including the General Provisions, will construct at its plant at Kearny, New Jersey (hereinafter called the plant of the contractor) five (5) light cruisers, Nos. CL 84 to CL 88, inclusive, each of about ten thousand (10,000) tons standard displacement (hereinafter called the vessel/vessels), complete in all respects, both hull and machinery, including the installation of ordnance and ordnance outfit, and of other articles to be furnished by the Department, in conformity with the approved plans and specifications, including changes therein which shall be authorized as hereinafter provided. The said plans and specifications and aforesaid General Provisions are annexed hereto and shall be deemed and taken as forming a part of this contract with the like operation and effect as if the same were incorporated herein.

(b) The contractor shall submit within three (3) months from the date of this contract, to the Department a schedule setting forth the quantity of each of the items 1 to 6, inclusive, specified in the following paragraph, and the dates on which delivery thereof is required, in order that the contractor may complete the vessel/vessels within the period (respective periods) specified in Article 8 hereof.

Should delay in delivery of any of the following materials, namely,—

- (1) All materials to be furnished by the Department;
- (2) Forged armor;
- (3) Heavy forgings consisting of ship's main propulsion shafting, stern posts, and rudder posts;
- (4) Main propulsion turbines;
- (5) Main propulsion reduction gears;
- (6) Special additional facilities to be acquired in accordance with the separate contract referred to in Article 2 hereof; and
- (7) Such other materials as may be added from time to time by order of the Secretary of the Navy if in his discretion the difficulty of procurement of such other materials warrants their addition to this list.

Should the contractor delay the construction of the vessel/vessels beyond the completion date specified in Article 8 hereof, the Department shall, if a claim therefor, made as hereinafter provided, shall be approved by the Secretary of the Navy, handle such claim as a change in accordance with Article 6 of this contract.

The contractor shall file with the Department within thirty (30) days after the termination of each calendar quarter a report with respect to delays occurring during such calendar quarter in sufficient detail to permit the Department to take appropriate action to minimize the effect of such delays. Unless the contractor shall have included notice of a delay in such report or the next succeeding quarterly report, no claim based thereon shall be allowed. With respect to any claim based on delay in receipt of contractor-furnished materials or facilities, whether or not such materials or facilities are listed above, no claim shall be allowed unless the contractor shall establish to the satisfaction of the Secretary of the Navy that such materials or facilities were ordered in sufficient time to permit the orderly progress of construction of the vessel/vessels to meet the completion date specified herein. The contractor shall be deemed to have ordered materials as required in the preceding sentence if after using its best efforts it shall promptly have notified the Department of its inability to place such orders.

No part of any increase in cost shall be allowed which shall have been caused by the failure of the contractor to prepare and submit for approval detail plans to be submitted to the Department by the contractor hereunder in time to permit the orderly progress of construction of the vessel/vessels to meet the completion date specified herein. The Department shall take action on detail armor and ordnance installation plans within thirty (30) days after their submission to the Department by the contractor.

Report on delays.

Report on delays.

A. B. [illegible]

James [illegible]  
Acting [illegible]



Delivery.

(c) The vessel/vessels shall after completion be delivered at the New York Navy Yard, Brooklyn, New York, to the Senior Officer in command of that naval station: *Provided, however,* That if the place of delivery of shore spare parts shall be changed to a destination other than the above-named naval station, such change will be treated as a change under this contract as provided in Article 6 hereof.

Additional facilities.

ART. 2. Special additional facilities required by the contractor for the performance of this contract are to be acquired in accordance with the terms of a supplemental contract, NOD-1538, dated September 9, 1940.

Working plans.

ART. 3. "See-It" tracings and blue prints of all working and finished plans, and copies of all booklets, material schedules, and material orders for Light Cruiser No. CL 57 necessary for the proper construction and completion of the vessel/vessels shall be provided in accordance with the General Provisions. The contractor shall, in strict accordance with the contract and type plans and specifications, produce, or modify and adapt such working plans to meet the needs of the plant of the contractor, and shall check and modify the finished plans and booklets to bring such plans and booklets into agreement with the work actually performed on the vessel/vessels.

Expenses in receipt of plans.

In the event that a delay in the receipt of any plan to be purchased from another contractor in accordance with this article prevents the orderly progress of construction and actually delays the completion of the vessel/vessels beyond the completion date specified herein, any claim submitted by the contractor for reimbursement for increased cost of the performance of this contract resulting therefrom will, if approved by the Secretary of the Navy, be handled as a change under the contract in accordance with Article 6 hereof. No claim for such increased cost resulting from a delay in the receipt of such plan, however, will be considered by the Department unless such delay shall have been reported by the contractor in conformity with the requirement for submission of quarterly delay reports as provided in Article 1 (b) hereof.

Changes.

ART. 4. The Secretary of the Navy, at any time and without notice to the sureties, may make changes in this contract, including the General Provisions, the plans and/or the specifications of this contract, within the general scope thereof. No changes shall be made in the contract, exclusive of the plans and specifications, except on the written order of the Secretary of the Navy, and no changes shall be made in the plans or specifications unless approved in writing by the Secretary of the Navy or by the Chief of the Bureau of Ships, as his duly authorized representative; but nothing provided in this article or Article 5 shall excuse the contractor from proceeding with the work under this contract.

Extras.

ART. 5. No charge for extra work or material will be allowed unless ordered in writing by the Secretary of the Navy or by the Chief of the Bureau of Ships as his duly authorized representative, except as otherwise herein provided.

Determination of cost of changes.

ART. 6. (a) The increased or decreased cost and damages owing to duly authorized changes and/or extras and change in weight or other matters specifically provided in this contract to be handled as changes under this article, may be determined either:

- (1) by mutual agreement or
- (2) by a Board of Naval Officers appointed by the Secretary of the Navy, which board shall determine such increased or decreased cost and the applicable profit (which shall be computed at the rate of eight and seven-tenths (8.7) percent of such cost), and shall determine also the damages, if any, caused by such changes and/or extras, in accordance with subparagraph (b) of this article.

The parties hereto shall be bound by the determination of said board or a majority thereof as to the amount of increase or reduction in the compensation to be allowed the contractor on account of matters determined by the board as above provided. The contractor, in the meanwhile, shall proceed with the work in accordance with the plans and specifications as thus modified, keeping, insofar as practicable, a separate and accurate record of all costs incurred as a result thereof. Such records shall, at all times, be open for inspection and audit by representatives of the Department.

No request for adjustment under this article with respect to a change or extra under Articles 4 or 5 shall be submitted to the Board or considered by the Secretary of the Navy unless the contractor shall, within thirty (30) days after receipt of the order for such change or extra, notify the Secretary of the Navy in writing of the estimated extent of any delay, and the estimated amount of cost involved. The Secretary of the Navy, however, in his discretion may extend such time of submitting requests.

(b) Should any such change or extra actually delay the construction of the vessel/vessels beyond the completion date specified in Article 8 hereof, the continuation of the work beyond such completion date shall be treated as a part of such change or extra and the amount of the increase in cost to the contractor resulting therefrom shall be allowed subject to the approval of the Secretary of the Navy.

Insurance.

ART. 7. Insurance shall be furnished in accordance with Article 7 of the General Provisions. Unless authorized in writing by the Secretary of the Navy to furnish a lesser amount, the contractor shall furnish insurance, with respect to each vessel, in an amount which shall be not less than (but need not exceed) the sum of two million dollars (\$2,000,000): *Provided,* That the amount of insurance required with respect to a vessel need not at any time prior to the laying of the keel exceed the aggregate amount of all applications for payments theretofore made by the contractor with respect to such vessel.

Time of completion.

ART. 8. The vessel/vessels covered by this contract shall be completed in accordance with the plans and specifications, and duly authorized changes therein, and shall be delivered

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